Regulatory framework for healthy functioning of NBFCs

5411. SHRI P. PRABHAKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank of India has laid down any regulatory framework to ensure sound and healthy functioning of Non-Banking Financial Companies which have access to public deposits;

(b) if so, the details thereof;

(c) if so, whether periodic inspections are conducted by the RBI on these institutions with regard to their accounting standards, asset classifications, prudential norms, income recognition and capital adequacy; and

(d) the action taken in case of any default or Japse?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b)Yes, Sir. A comprehensive regulatory framework has been put in place which is aimed at protecting the interest of depositors and ensuring that the Non-Banking Financial Companies (NBFCs) function on sound and healthy lines. The regulatory framework includes, *inter-alia,* compulsory registration, maintenance of liquid assets at a specified percentage of public deposits, transfer of at least 20 per cent of net profits to Reserve Fund and power's to RBI for issuing directions to NBFCs regarding prudential norms, audit, filing criminal complaints and winding up petitions, etc.

(c) Yes, Sir.

(d) If inspection reveals adverse features, which are dt trimental to the interest of depositors, action is taken against the defaulting companies. The action could include rejection of Certificate of Registration, p- ohibition from accepting deposits and allienation of assets, filing of criminal complaints, winding up petitions, etc.

World Bank loan for Rehabilitation Programrre in Orissa

5412. SHRI ANANTA SETHI: Will the Minister of FINANCE be pleased to state:

(a) whether Government have approached World Bank for providing loan/assis[f]ance to meet the fund requirement for providing relief & rehabilitation to the cyclone affected people in that State;